

# **Wisconsin Department of Revenue**

## **Software Developer's Guide For Electronically Filed Corporation Franchise & Income Tax Returns**

**For 2005 Returns**

**Revised January 11, 2006**

## INFORMATION FOR FED/STATE CORPORATE 1120 DEVELOPMENT

### TABLE OF CONTENTS

1. INTRODUCTION
2. CONTACT PERSONNEL
3. ACCEPTANCE AND PARTICIPATION
4. DEVELOPER'S RESPONSIBILITIES
5. SOFTWARE ACCEPTANCE, TESTING AND APPROVAL
6. ACKNOWLEDGEMENT SYSTEM
7. GENERAL INFORMATION
8. SCHEMAS AND TRANSMISSION SPECIFICATIONS

## **Section 1: Introduction**

The Wisconsin Department of Revenue (department), in conjunction with the Internal Revenue Service (IRS), will begin accepting state Corporate Franchise & Income Tax returns and corresponding forms and schedules beginning January 2006 for tax year 2005 by method of the Modernized E-File system (MeF). The following forms and schedules will be accepted:

- |   |   |
|---|---|
| <input type="checkbox"/> <b>Form 4</b>        | Corporation Franchise or Income Tax Return                |
| <input type="checkbox"/> <b>Form 5</b>        | Corporation Franchise or Income Tax Return                |
| <input type="checkbox"/> <b>Form 5S</b>       | Tax-Option (S) Corporation Franchise or Income Tax Return |
| <input type="checkbox"/> <b>Form 4BL</b>      | Net Business Loss Carryforward                            |
| <input type="checkbox"/> <b>Form 4B</b>       | Apportionment Data  |
| <input type="checkbox"/> <b>Form 4U</b>       | Underpayment of Estimated Taxes by Corporations           |
| <input type="checkbox"/> <b>Schedule R</b>    | Research Credits  |
| <input type="checkbox"/> <b>Schedule Z-1</b>  | Manufacturer's Sales Tax Credit Pass Through Entities     |
| <input type="checkbox"/> <b>Schedule 5K-1</b> | Tax-Option (S) Corporation Shareholder's Share of Income  |
| <input type="checkbox"/> <b>Schedule V</b>    | Additions to Federal Income                               |
| <input type="checkbox"/> <b>Schedule W</b>    | Subtractions from Federal Income                          |
| <input type="checkbox"/> <b>Schedule Y</b>    | Deductible Dividends                                      |
| <input type="checkbox"/> <b>Schedule Z</b>    | Manufacturers Sales Tax Credit                            |

The transmission method will be a Web Service using Simple Object Access Protocol (SOAP) with attachments messaging. The return data will be formatted using Extensible Markup Language (XML). Authorized E-File providers, also known as Electronic Return Originators (ERO's) can submit returns to the IRS MeF system for federal and state return processing. State returns can be submitted as a federal return with a state return attached, called a "Fed/State" return, or as a state return, known as a "State Only" submission. Each return (Fed/State or State Only) must be in a separate submission. Multiple submissions may be contained in a single message payload. Software developers may test with the department prior to submitting live Fed/State or State Only returns.

## **Section 2: Contact Personnel**

For the best possible service, please choose the appropriate contact carefully.

For **technical questions** regarding:

- The web site
- The XML Schema
- The summary of the XML Schema
- Additional detail information of schema elements
- The sample return
- The web application
- The summary of schema changes
- Missing acknowledgements

**Contact:** Wisconsin Department of Revenue  
Scott Mueller  
(608) 266-8518  
[smuelle1@dor.state.wi.us](mailto:smuelle1@dor.state.wi.us)

For **Corporation Tax questions** regarding:

- Form/schedule development
- Corporation Tax Law

**Contact:** Wisconsin Department of Revenue  
Nancy Christensen  
(608) 266-3120  
[nchrist1@dor.state.wi.us](mailto:nchrist1@dor.state.wi.us)

For **Corporation Tax questions** regarding:

- Bills or Refunds
- Filing requirements
- Name and address changes

**Contact:** Wisconsin Department of Revenue  
Corporation & Withholding Unit  
(608) 266-0800  
[Corptax@dor.state.wi.us](mailto:Corptax@dor.state.wi.us)

For **EFT payment questions** regarding:

- Registering to pay by Electronic Funds Transfer

**Contact:** Wisconsin Department of Revenue  
Customer Service and Education Bureau  
P.O. Box 8949  
Madison, WI 53708-8949  
Phone: (608) 266-2776  
Fax: (608) 267-1030  
<http://www.dor.state.wi.us/eserv/eftgen.html>

**Other websites:**

Wisconsin website - [www.wisconsin.gov](http://www.wisconsin.gov)

Wisconsin Department of Revenue website - [www.dor.state.wi.us](http://www.dor.state.wi.us)

Electronic filing information - [www.dor.state.wi.us/eserv/index.html](http://www.dor.state.wi.us/eserv/index.html)

Internal Revenue Service - [www.irs.gov](http://www.irs.gov)

Federation of Tax Administrators - [www.taxadmin.org](http://www.taxadmin.org)

### **Section 3: Acceptance and Participation**

1. Wisconsin will accept returns electronically from any IRS approved software provider. Software providers will work in a cooperative partnership effort with the department.
2. Software providers should make the following information available to the department for participation:
  - Software developer company name
  - Address
  - Primary contact name
  - Secondary contact name
  - Primary/Secondary telephone number
  - Primary/Secondary fax number
  - Primary/Secondary e-mail addresses

### **Section 4: Developer's Responsibilities**

Developed software must:

- Adhere to all federal and state procedures, requirements and specifications. These requirements are specified in IRS Publication 4164, *Modernized e-File Guide for Software Developers and Transmitters*.
- Successfully complete all testing.
- Be developed in accordance with statutory requirements and department return preparation instructions.
- Provide accurate Wisconsin Corporate tax returns in correct electronic format.
- Provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate, or invalid return information.
- Software provider must be available to correct any software errors, which may occur after production begins, and work with the department to follow up on any processing issues that may arise during filing season. If software providers need to re-release corrected software it should be done in a timely manner and proper notification should be made to all customers.
- Software providers must include electronic signature information in their software. A statement notifying taxpayers of the following should be included in the software directly before the taxpayer submits the return:

Under penalties of law, I declare by submitting this return that I have personally examined this return, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

### **Section 5: Software Acceptance, Testing and Approval**

1. The department expects to be able to accept test returns beginning November 2005. The testing system will be available year round. The beginning test date is subject to IRS availability and is subject to change. Notification will be given if the beginning test date changes. Testing outside the Fed/State system (direct testing with Wisconsin) will be made available if necessary.
2. The department web site will be available at [www.dor.state.wi.us](http://www.dor.state.wi.us) and will consist of the following:
  - Spreadsheets of Wisconsin data elements (combined and by form type).
  - Wisconsin specific XML schema.
  - Sample Wisconsin XML returns.
  - PDF copies of state forms with element reference numbers.
3. Developers must support all schedules, forms, and occurrences that are available for corporation efilting for 2006. It is important that customers are provided with a complete range of services.
4. Developers must include edits and verification based on the business rules provided for each field or data element. The department spreadsheet will include information on field type, field format, length, if it can be negative, if it is recurring, and the business rule or other edits for the field. Developers must closely follow the requirements for each field to insure proper data formatting.
5. The department will provide test results in the form of a confirmation.

### **Section 6: Acknowledgement System**

1. The department will generate an acknowledgement of acceptance or rejection for all returns received. The acknowledgement record will be in a format approved and agreed upon by the IRS, state agencies, transmitters, and software developers.
2. Transmitters and software developers should allow one business day to receive the State acknowledgement before contacting the department.

### **Section 7: General Information**

1. The department will support the following forms and schedules:
  - Form 4 Corporation Franchise or Income Tax Return (Apportionment)
  - Form 5 Corporation Franchise or Income Tax Return (Wisconsin)

- Form 5S Tax-Option (S) Corporation Franchise or Income Tax Return
- Form 4BL Net Business Loss Carryforward
- Form 4B Apportionment Data
- Form 4U Underpayment of Estimated Taxes by Corporations
- Schedule R Research Credits
- Schedule Z-1 Manufacturer's Sales Tax Credits Pass Through Entities
- Schedule 5K-1 Tax-Option (S) Corporation Shareholder's Share of Income
- Schedule V Additions to Federal Income
- Schedule W Subtractions from Federal Income
- Schedule Y Deductible Dividends
- Schedule Z Manufacturers Sales Tax Credit

2. The department will accept the following return types:

- Fed/State: An original federal return submitted with one original state return.
- State Only: A state return not submitted with an original Federal return, or submitted by a Corporation filing for multiple states, or a state return which may have a different due date than the Federal return. (Note: Other conditions may warrant filing of State Only returns.)

3. In general, send data elements only if they contain data values. It is not necessary to send empty data elements (i.e., zero financial fields, unused elements, etc.)

4. Decimal places for ratios and percentages:

- Ratios and percentages will use a single position in front of the decimal and up to 8 decimal places. Examples:  
100% = 1.00000000  
37.3% = .37333333

5. Exclusions from Corporate Electronic Filing include:

- The following forms and schedules:
  - Form 4T Exempt Organizations Tax Return
  - Form 4I Insurance Company Franchise Tax Return
  - Form 4H Corporation Declaration of Inactivity
  - Schedule DC Development Zones Credit
  - Schedule DI Dairy Investment Credit
  - Schedule FC Farmland Preservation Credit Claim
  - Schedule FT Farmland Tax Relief Credit
  - Schedule TC Technology Zone Credit
  - Schedule HR Historic Rehabilitation Credit
- Returns for a Tax Year prior to 2005

## **Section 8: Schemas and Transmission Specifications**

1. The department will use the Fed/State 1120 Deployment Team Superschema, developed by states in partnership with the IRS and software developers. A copy of the Superschema can be found at [www.taxadmin.org](http://www.taxadmin.org) or [www.irs.gov](http://www.irs.gov).
2. Software developers should apply data from the spreadsheet or tax forms to the appropriate data element from the XML schema.
3. All XML data must be well formed.
4. Packaging of data and transmission payload must be in the proper format.
5. Returns filed in XML format with SOAP attachments allow for binary attachments to the submission. These attachments could consist of signature documents, balance sheets, statement records, or other types of documentation. The allowed file type for attachments is file extension .PDF. The file order of attachments and procedures must follow the IRS requirements for binary attachments as found in IRS publication 4163 at <http://www.irs.gov/taxpros/providers/article/0,,id=97626,00.html>. The department will allow for binary attachments to the state return.
6. Other packaging and guidelines:
  - A submission contains either a federal return or a state return.
  - Each submission must be a separate file.
  - Each federal return must be submitted in the agreed upon IRS XML format.
  - Each state return must be submitted in the XML format specified and agreed upon by IRS, state agencies, transmitters, and software developers.
  - Each state return must include a complete copy of the federal return as submitted to the IRS and any attachments associated with that federal return.
  - If the IRS rejects a Fed/State submission, the state will not receive the state return portion. The Fed/State submission must be re-submitted.
  - Each submission must be in Zip archive format.
  - The SOAP message itself must not be compressed or zipped.
  - The message must contain a header, a body, and an attachment. See Modernized E-File Logical ICD Model for message layout and message technical specifications.
  - ERO's and transmitters must be approved with the IRS in order to submit Fed/State or State Only returns.



- The department will produce an acknowledgement of acceptance or rejection for each state submission. The transmitter may then retrieve the department's acknowledgement from the IRS.